

13 July 1988

MEMORANDUM FOR THE RECORD

SUBJECT: 1992

1. In an energetic, feisty and even assertive presentation before a luncheon audience gathered by the Konrad Adenauer Foundation today, Karl-Heinz Narjes, Vice President of the European Commission, gave a positive and upbeat account of what the EEC has accomplished and will do.

- Political unity has been written into the EEC Constitution as a specific goal.

- Over the past fifteen years there has been agreement on harmonizing customs, the monetary system, standards and the Court of Justice.

- Now there is convergence of economic policies. The Commission will face most of the 300 odd decisions which will be needed to make the common market a reality this year.

- There will be a need to harmonize taxes.

- 1992 has become a stimulus for economic activity.

- The EC is now the largest market in the world. It is export oriented and hence free trade.

- The European House concept implies a Soviet droit de regard over Europe; this is not in Europe's interest and wholly unacceptable..

- The common market does not exclude arms production, though there are special factors which will make its achievement difficult.

- As long as the U.S. subsidizes its farmers at twice the per capita rate as the EEC, there will be serious trade troubles.

All Portions UNCLASSIFIED



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2. The picture Narjes painted was optimistic - " we have things under control". It gave clear outlines of things to come and evidence of a willingness and capacity to get there. But the feistiness turned to assertiveness when it came to defining the terms on which the EEC would handle its relations with the U.S. and Japan. If that is the shape of things to come we will see an increasingly unified but also increasingly difficult Europe.

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